

# Notes on the US social crisis

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The economic crisis manifests itself in virtually every facet of working class living conditions in the US. New state budgets include devastating cuts to basic social programs, even as the job and housing markets continue to worsen and need grows.

## 17,000 apply for 1,800 jobs in Louisville, Kentucky

In the span of a few days, 16,837 people lined up at the Kentucky Office of Employment & Training last week to apply for 1,800 openings at Ford's Louisville Assembly Plant. The company will select applications to review through a lottery process.

The positions, many nightshift line jobs assembling the Escape SUV beginning in the fall, will pay only \$15.51 per hour—half that previously earned by autoworkers in the US. Benefits will not begin for new hires until after eight months on the job.

Steven Stone, the United Auto Workers chairman at the Louisville plant, defended the wages. He commented to the *Louisville Courier-Journal*, "Those are good jobs even though they are 'two tier.' " The Louisville plant is among the first in the country to implement the two-tier system.

The line-up is similar to a 2009 run on job openings at General Electric's Louisville plant, when 10,000 applicants vied for 90 positions. Kentucky is attractive to corporations concentrated in the Midwest because of its "business friendly" tax structure and low wages. Louisville has higher than 10 percent unemployment and widespread poverty.

"Nobody's working. You stand in the unemployment line, and you're there for hours. It's unbelievable," one resident told local channel WDRB Fox 41. After being unemployed for a year, he explained, "I'm behind on everything. The bank's after me. I'm just barely making it."

## State Medicaid programs confront end of federal

## "stimulus" funds

The fiscal year beginning July 1 marked the end of 2009 federal "stimulus" funds. For Medicaid programs, which are jointly funded by the federal government and the states, this signals the drying up of billions of dollars in aid for ailing budgets, even as the health care program for the poor buckles under record enrollment.

According to a report by Federal Funds Information for States, Hawaii's federal funding has plunged 16 percent. Louisiana, Washington, Alaska, Nevada and many other states saw declines of more than 10 percent. The fall in funding will translate into major cutbacks in eligibility and access to care for millions of people.

## California terminates Adult Day Health Care program

Some 37,000 low-income, disabled, and elderly adults are being "transitioned" off the Adult Day Health Care program with no alternative safety net in place.

Ten centers serving the program have been closed, including one in San Francisco's Richmond District. Advocates told the *San Francisco Chronicle* that shuttering the centers would push recipients into nursing homes, emergency rooms or mental institutions within the span of a few months. In San Francisco, nursing homes have long waiting lists due to bed shortages.

Directors at 290 other facilities received letters last week from Department of Health Care Services director Toby Douglas announcing they would be allowed to remain open after September 1, when funding is to be cut off. Care providers have filed a lawsuit in state court against the budget cut, arguing it puts too many patients at risk of institutionalization, in violation of the Americans with Disabilities Act.

## Illinois ends indigent burial program

An Illinois program that funded funeral services for the destitute has been eliminated. The state had paid for more than 10,000 burials each year, although funeral homes were poorly reimbursed.

“You start getting an influx of these types of calls that are public aid as most people remember it,” Gallatin County Coroner Tony Cox told local news channel WSIL 3. “You’re not getting any money, or you’re having to wait for a long time. As you can see, it’s pretty obvious it can really affect that business.”

Many states have seen a large increase in the number of indigent burials over the past several years. In some city morgues, the bodies of poor residents lie unretrieved or unclaimed for years on end.

Harrisburg funeral director Mike Weirauch explained that while funerals cost him \$4,000 to prepare, the state compensated only \$1,655. “It’s not that you don’t care, it’s just that if you have very many of these...after a while you couldn’t stay in business because all your money is going out and none is coming back in.” Funeral home directors have reported a rise over the last few years in cremations, which are less expensive than burials, as families struggle with finances.

## Sales fall at dollar stores as poor customers forgo “extras”

Citing high fuel prices and worsening financial distress among the working poor, dollar stores reported lower-than-expected quarterly earnings last week. For largely the same reasons, Dollar General, Dollar Tree, and Family Dollar previously saw gains in revenue with the onset of the economic crisis.

Family Dollar spokesman Josh Braverman told the *Wall Street Journal* that the store’s customer base of families earning less than \$40,000 has expanded to include households making up to \$70,000. At the same time, the *Journal* noted, “their price-sensitive customers, pummeled by high unemployment, stagnant wages and soaring gasoline prices, are buying more food and other basics like cleaning products, which have relatively low profit margins, and fewer higher-margin discretionary products, such as apparel and home decorative items.”

Toys, clothing, and other items from the winter remain unsold on shelves, and summer items have failed to sell well

even with deep discounts.

## Profits soar for pawn shops, predatory lending companies

Pawn shop operator Ezcorp Inc. reports an average 46 percent annual increase for five years running, and a doubling in its stock value over a year ago. The company’s soaring profits are a direct measure of desperation in the working class, as millions of people sell their jewelry, musical instruments, and other personal possessions to make ends meet.

“Payday loan” outfit Advance America Cash Advance has also seen its stock price double; Cash America International stock rose 64 percent. Such companies prey on people with poor credit ratings, offering quick loans with usurious fees and interest.

Profits at debt collection agency Encore Capital Group have risen 50 percent in the past year. Encore primarily targets those who have fallen behind in credit card repayments.

## North Carolina cuts legal aid, drug treatment funding

Legal aid programs to the poor are being slashed across the country. In North Carolina, regional district attorney offices have seen funding for witness protection, victim assistance, and domestic violence programs cut. The state cut \$38 million from its court system, eliminating more than 300 staff positions.

North Carolina Conference of District Attorneys director Peg Dorer told the *Winston-Salem Journal* July 16 that the cuts will especially impact smaller counties, which have been historically understaffed.

The state also cut funding for drug treatment courts. These courts were designed to manage nonviolent, drug-addicted offenders as an alternative to the draconian sentencing laws that have condemned millions of people across the country to prison.



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